

<i>SERFF Tracking Number:</i>	<i>MRTN-126692127</i>	<i>State:</i>	<i>District of Columbia</i>
<i>Filing Company:</i>	<i>Great Divide Insurance Company</i>	<i>State Tracking Number:</i>	
<i>Company Tracking Number:</i>	<i>ADM-PROGRAM-CHIRO-10001-R</i>		
<i>TOI:</i>	<i>11.2 Med Mal-Claims Made Only</i>	<i>Sub-TOI:</i>	<i>11.2003 Chiropractic</i>
<i>Product Name:</i>	<i>Doctor of Chiropractic Professional Liability Program</i>		
<i>Project Name/Number:</i>	<i>Doctor of Chiropractic Professional Liability Program/ADM-PROGRAM-CHIRO-10001-R</i>		

## Filing at a Glance

Company: Great Divide Insurance Company

Product Name: Doctor of Chiropractic  
Professional Liability Program

TOI: 11.2 Med Mal-Claims Made Only

Sub-TOI: 11.2003 Chiropractic

SERFF Tr Num: MRTN-126692127 State: District of Columbia

SERFF Status: Closed-APPROVED State Tr Num:

Co Tr Num: ADM-PROGRAM-CHIRO-10001-R State Status:

Filing Type: Rate/Rule

Reviewer(s):

Authors: Sonja Rodebaugh, Alison Disposition Date: 12/06/2010

Lupinek, Dean Westpfahl, Barb

Blackowicz, Kristie Resnick

Date Submitted: 11/19/2010

Disposition Status: APPROVED

Effective Date Requested (New): On Approval

Effective Date (New):

Effective Date Requested (Renewal): On Approval

Effective Date (Renewal):

State Filing Description:

## General Information

Project Name: Doctor of Chiropractic Professional Liability Program

Project Number: ADM-PROGRAM-CHIRO-10001-R

Reference Organization:

Reference Title:

Filing Status Changed: 12/06/2010

State Status Changed:

Created By: Barb Blackowicz

Corresponding Filing Tracking Number: ADM-PROGRAM-CHIRO-10001-F

Filing Description:

Attached for your review is a Filing Authorization Letter authorizing Martin & Company to submit this filing on behalf of Great Divide Insurance Company (hereinafter referred to as the company). Please direct all correspondence regarding this filing to Martin & Company.

Status of Filing in Domicile: Not Filed

Domicile Status Comments:

Reference Number:

Advisory Org. Circular:

Deemer Date:

Submitted By: Barb Blackowicz

In accordance with the regulatory provisions of your state, the company hereby submits its new Chiropractic Professional Liability program. Insureds for this program will be members of the ChiroFutures, Inc. Risk Purchasing Group, domiciled in the State of Georgia and formed under the Risk Retention Act of 1986. The program will be

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 underwritten by Sonoran National Insurance Group whose principal underwrote the CNA National Chiropractor Program for over 7 years.

Included with this filing are the rates and rating manual necessary to underwrite this program. The company believes these rates are not excessive, inadequate, or unfairly discriminatory.

The company respectfully requests that the filing be applicable to all policies effective on and after December 20, 2010 or upon approval, whichever is earlier.

## Company and Contact

### Filing Contact Information

Barbara Blackowicz, Compliance Analyst BBlackowicz@filingsdirect.com  
 P.O. Box 70 610-325-4455 [Phone]  
 Edgemont, PA 19028 610-325-4405 [FAX]

### Filing Company Information

(This filing was made by a third party - martinandcompany)

Great Divide Insurance Company	CoCode: 25224	State of Domicile: North Dakota
7233 East Butherus Drive	Group Code: 98	Company Type: P&C
Scottsdale, AZ 85260	Group Name:	State ID Number:
(480) 951-0905 ext. [Phone]	FEIN Number: 45-0397186	

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## Filing Fees

Fee Required? No  
 Retaliatory? No  
 Fee Explanation:  
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Great Divide Insurance Company	\$0.00		

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## Correspondence Summary

### Dispositions

<b>Status</b>	<b>Created By</b>	<b>Created On</b>	<b>Date Submitted</b>
APPROVED	Robert Nkojo	12/06/2010	12/06/2010

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Product Name:	Doctor of Chiropractic Professional Liability Program		
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## Disposition

Disposition Date: 12/06/2010

Effective Date (New):

Effective Date (Renewal):

Status: APPROVED

Comment:

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
Great Divide Insurance Company	0.000%	0.000%	\$0	0	\$0	0.000%	0.000%
	<b>Percent Change Approved:</b>						
	<b>Minimum:</b>	%	<b>Maximum:</b>	%	<b>Weighted Average:</b>		%

SERFF Tracking Number: MRTN-126692127 State: District of Columbia

Filing Company: Great Divide Insurance Company State Tracking Number:

Company Tracking Number: ADM-PROGRAM-CHIRO-10001-R

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Product Name: Doctor of Chiropractic Professional Liability Program

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Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Cover Letter All Filings		Yes
Supporting Document	Consulting Authorization		Yes
Supporting Document	Actuarial Certification (P&C)		Yes
Supporting Document	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)		Yes
Supporting Document	District of Columbia and Countrywide Loss Ratio Analysis (P&C)		Yes
Rate	Doctor of Chiropractic Professional Liability		Yes
Rate	State Exception Page - DC		Yes

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## Rate Information

Rate data applies to filing.

<b>Filing Method:</b>	File & Use
<b>Rate Change Type:</b>	Neutral
<b>Overall Percentage of Last Rate Revision:</b>	0.000%
<b>Effective Date of Last Rate Revision:</b>	
<b>Filing Method of Last Filing:</b>	N/A - Initial

## Company Rate Information

Company Name:	Company Rate Change:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
Great Divide Insurance Company	N/A	0.000%	0.000%	\$0	0	\$0	0.000%	0.000%

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## Rate/Rule Schedule

Schedule Item	Exhibit Name:	Rule # or Page	Rate Action	Previous State Filing Attachments
Status:		#:		Number:
	Doctor of Chiropractic Professional Liability	pgs 1-11	New	ADM-CHIRO-RR.pdf
	State Exception Page - DC	pg 1	New	ADM-CHIRO-RR-DC.pdf

**I. APPLICATION OF MANUAL RULES**

- A. This manual provides rules, rates, premiums and classifications and shall govern the writing of policies for the Chiropractic profession.
- B. The Great Divide Insurance Company rates, rating plans, rules and forms contained in the manual shall govern unless there is an exception noted in the State rate and rule pages.

**II. POLICY TERMS**

Policies may be written for a term of one year, and renewed annually thereafter, or as otherwise specified for the respective coverage.

**III. PREMIUM COMPUTATION**

- A. Compute the premium at policy inception using the rules, rates, and rating plans in effect, at the time. At each renewal, compute the premium using the rules, rates and rating plans then in effect.
- B. Pro-rate the premium when a policy is used for the less than a whole year.
- C. Premiums are calculated as specified for the respective coverage. Premium rounding will be done in accordance with the Whole Dollar Rule.
- D. The premium shall be computed by applying the rate per Chiropractor, shown on the State Rate Page, to the total number of Chiropractor's who are insureds. The rates shall be applied in accordance with each Chiropractor's classification.

**IV. FACTORS OR MULTIPLIERS**

Unless stated otherwise, factors or multipliers are to be applied consecutively and not added together.

**V. POLICY WRITING MINIMUM PREMIUM**

The policy writing minimum premium shall be \$300.00 per annual or lesser period, which is a fully earned minimum premium.

**VI. PREMIUM PAYMENT PLAN**

Not Available.



## **VII. WHOLE DOLLAR RULE**

If the result of the rating procedure is not a whole dollar, the result will be adjusted as follows:

- a) Any amount involving \$.50 or over shall be rounded to the next higher whole dollar amount; or
- b) Any amount involving \$.49 or less shall be rounded down to the next lower whole dollar amount.

## **VIII. ADDITIONAL PREMIUM CHARGES**

- A. Pro-rate all changes requiring additional premium.
- B. Apply the rates and rules that were in effect at the inception date of this policy period. After computing the additional premium, charge the amount applicable from the effective date of the change, even if the policy inception premium was less than the policy writing minimum premium.
- C. Waive additional premium of \$10.00 or less.

## **IX. RETURN PREMIUM**

- A. Deletion of any coverage, other than optional coverage, is not permitted unless the entire policy is canceled.
- B. Compute return premium at the rates used to calculate the policy premium at the inception of this policy period.
- C. Compute return premium pro rata and round in accordance with the Whole Dollar Rule when any coverage or exposure is deleted or an amount of insurance is reduced.
- D. Retain the policy writing minimum premium.
- E. Cancellation of annual policy that generates return premium is subject to follow any applicable individually State cancellation provisions and subject to Section XI below.

## **X. COVERAGES**

Coverage	Limits
Professional Liability	Claims-Made Basis (See State rate pages)
Supplementary Coverage	

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A. License Protection Defense	\$50,000 Each Claim \$50,000 Aggregate
B. Peer Review Committee Defense	\$50,000 Each Claim \$50,000 Aggregate
C. Information Privacy Wrongful Act	\$10,000 Each Claim \$10,000 Aggregate
D. Medicare/Medicaid Billing Error Defense	\$10,000 Each Claim \$10,000 Aggregate
E. Medical Payments	\$5,000 Per Injured Patient \$10,000 Aggregate
F. Deposition Assistance	\$2,500 Each Deposition \$7,500 Aggregate
G. Damage to Property of Patients	\$2,500 Each Incident

**XI. POLICY CANCELLATIONS**

- A. The policy may be canceled flat within 60 days of the effective date. Evidence of such cancellation must be received by the Company within 60 days of such cancellation.
- B. Any cancellation initiated, other than by the insured, after more than 60 days will be cancelled pro-rata.
- C. Cancellation initiated by the insured will be canceled pro-rata less a penalty of 10% (subject to the fully earned minimum premium) unless coverage is concurrently rewritten by the Company, in which case no penalty shall be applied.
- D. Cancellation is subject to Section IX, Conditions, paragraph D of the policy unless there is a State mandatory cancellation/nonrenewal endorsement required on the policy. State required cancellation terms will override standard policy conditions.

**XII. CLASSIFICATIONS - CALCULATION OF PREMIUM – Professional Liability Coverage**

The base premium for the policy shall be the sum of the applicable charge for each insured based on his/her class, as developed below. "Developed Premium" used throughout, refers to premium developed prior to credits being applied ( Class Rate **X** Claims-Made Step Factor **X** ILF = Developed Premium). The annual mature claims-made base rate for each class is stated on the respective State Exception page:

ISO Class Code 80410

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A. The following class descriptions will apply:

Class	Description
1	<p>Doctors of Chiropractic in Class 1 have as their sole objective the analysis, diagnosis and reduction and/or correction of vertebral subluxation. They remain aware of the patient's other symptoms, specific health problems and findings but do not attempt to treat those symptoms or conditions.</p> <p>They note unusual findings not related to vertebral subluxations that they observed, discuss these with their patients and refer patients to medical practitioners in specific disciplines when needed.</p> <p>Class 1 Chiropractors use manual adjusting techniques, which can include hand-held, non-electric or electric devices such as Atlas Orthogonal Instrument, Integrator, Activator and/or mechanical tables, etc.</p> <p>In addition, they may use traction, extremity adjusting, massage, hot and cold packs, electrical muscle stimulation, ultrasound, laser, diathermy, whirlpool, orthopedic supports, orthotics, taping or other non-invasive modalities which they consider necessary in order to properly reduce or correct subluxations, or which they feel will help patients maintain their adjustments.</p> <p>Class 1 doctors do not use therapeutic agents, including nutritional supplements, homeopathic or naturopathic remedies etc, to treat diseases or suppress symptoms other than those related to vertebral subluxation.</p> <p>Instrumentation and other diagnostic tools such as surface electromyography (SEMG) thermography, range of motion etc. may be used to measure a variety of physiological changes related to vertebral subluxation and spinal health.</p> <p>No invasive procedures or diagnostic or treatment equipment or techniques should be used which are not directly related to the detection and correction of vertebral subluxation. X-ray and other imaging techniques may be used to assist in determining the presence of vertebral subluxation and for biomechanical assessment of the spine.</p>

Class	Description
2	<p>Doctors of chiropractic in this class, while they may analyze, diagnose and reduce/correct vertebral subluxation, broaden their practice to include primary health care activities and/or the diagnosis, treatment, management of pathophysiological processes besides or in addition to vertebral subluxation. These complaints/disorders may be spinal-related or not.</p> <p>Doctors in Class 2 may utilize everything included under Class 1 and, additionally, modalities such as ionic foot baths, hair analysis, live cell analysis</p>

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	and other similar diagnostic and treatment methods. They may also utilize homeopathy, nutritional and naturopathic remedies for the treatment of disease. Those chiropractors who hold licenses in acupuncture and perform techniques which require such a license shall be categorized in this class.
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- B. The annual mature claims-made rates for each Chiropractor are stated on the State Rate Page.

The annual step rates, under claims-made, for each Chiropractor shall be determined as follows:

1. If the Chiropractor is just entering practice, or the Chiropractor has continuously been insured under an "occurrence" policy, or the Chiropractor has been uninsured for any reason, enter the step rate factor from the Table at the year one level.
2. If the Chiropractor has been insured under a "claims-made" policy for one or more years immediately preceding the effective date of this coverage, the following procedure shall apply:
  - a) Determine the number of years in which the Chiropractor was covered under such claims-made policy(ies). This shall be the Years of Prior Exposure. The Table is entered at the total prior Years of Exposure, plus one.

Fractional years of six months or more of base exposure shall be rounded to the next higher year; less than six months shall be rounded to the next lower year;

The factors in the following Table shall be applied to the full time class rate, found on the State Page, in effect at the inception of the policy.

Step 1	Step 2	Step 3	Step 4
0.35	0.66	0.90	1.00

C. Location of Practice

The rates as shown in this manual contemplate the exposure as being derived from professional practice within the State. An exception will be allowed for those who derive 25% or less of their practice time from outside the State. Those who derive more than 25% of their practice time outside the State will be charged the higher rate if there is multi-State exposure.

### **XIII. PREMIUM MODIFICATIONS**

The following applicable factors will be added together and the sum will be applied to the associated risk. The maximum credit applicable to any risk is shown on the respective State Rate page.

#### **A. New Graduate**

A "new" graduate is defined as an individual who is receiving his or her first Chiropractic license and beginning practice. For the 1<sup>st</sup> and 2<sup>nd</sup> years in practice, the discount listed is the maximum credit allowable.

The following credits will apply:

Years in Practice	Discount
1 <sup>st</sup>	75%
2 <sup>nd</sup>	40%
3 <sup>rd</sup>	25%
4th	15%

#### **B. Preceptee / Postceptee**

Preceptee means a current student of Chiropractic medicine at an accredited institution who has not yet obtained a license as a Chiropractor.

Postceptee means a Chiropractic professional that has successfully completed formal student training, has a current application for licensure pending in the State in which the Insured is insured by this policy to practice, but has not yet obtained any license as a Chiropractor.

It shall be permissible to provide coverage for a Preceptee or Postceptee on a shared limit of liability with the sponsoring Insured Chiropractor. Waive additional premium.

#### **C. Corporations / Partnerships / Associations**

It shall be permissible to provide coverage for a corporation, partnership or association for liability arising from the practice of member Chiropractors insured by the Company. Such coverage may be provided either:

1. On a shared limit of liability with the member practitioner, in which case, no additional premium shall be charged; or
2. On a separate limit of liability basis. All practitioners of the corporation must purchase the same limit of liability. Additional premium shall be **10%** of the total developed liability premium for each member.

D. Additional Insured

- 1) No charge for short-term event additional insureds.
- 2) **10%** charge of the policy's developed premium to add a Landlord of the Insured..
- 3) **20%** charge of the policy's developed premium for all other Additional Insured Requests: an additional insured, such as an outpatient surgical center, managed care organization, hospital, etc. All other Additional Insureds must be referred to the Company for approval and rating.

E. Vicarious Liability

**10%** of the named insured's developed premium will be charged for each Chiropractor not insured by Great Divide and written with an Insurance Carrier rated less than AM Best A- who presents a vicarious liability exposure to the named insured.

F. Medical Professional Coverage

Medical Professional Coverage is available for the following classes on a shared limit basis by an endorsement:

<b>Medical Professional</b>	<b>Rate</b>
Registered Dietician	\$50 per Dietician
Massage Therapist	\$150 per Therapist
Acupuncturist	\$250 per Acupuncturist
Physical Therapist	\$250 per Therapist
X-Ray Technician	\$150 per Technician

G. Disability / Leave of Absence

A Chiropractor who becomes disabled, or is on leave of absence for a period of at least 30 days, but less than 180 days, may be eligible for restricted coverage at a rate reduction of 75% of the applicable rate for the period of disability or leave of absence. This will apply retroactively to the first day of disability or leave of absence. Leaves of absence are subject to underwriting approval.

H. Part Time

A part time credit of 50% of the applicable rate will apply to any Chiropractor who works 20 hours or less per week. This is the maximum credit available for a part-time Chiropractor.

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I. Military Activation

Where an Insured has been called to Active Military duty, an endorsement will be attached suspending coverage for the period of deployment. Note: the period on active duty does not count for step rating.

J. Locum Tenens

Coverage for a Chiropractor substituting for an insured will be limited to cover only professional services rendered on behalf of the corresponding insured for whom he/she is serving as a temporary relief chiropractor for the specified time period. Locum Tenens will share in the corresponding insured's limit of liability, and the substituting professional is subject to standard underwriting approval. There is no additional charge for a period not to exceed 60 days.

K. Loss Prevention / Risk Management

A risk management credit of up to 10% will be applied to the rate, based upon approved risk management courses. Approved courses include but are not limited to Company courses, workshops, seminars, self-study, and State Chiropractic Society organization courses. Course content must include one or more of the following topics:

- Patient communication
- Documentation
- Informed consent
- Confidentiality of records
- Litigation and other legal issues

Verifiable active participation is required in any such program. The course must be completed by the insured within 24 months of the policy effective date. This credit will be reapplied to subsequent coverage terms, provided that the course completion date is within 24 months of the effective date. This is subject to underwriting approval.

L. Experience Rating

The following claims-free credits will apply to the Chiropractor's applicable class rate:

Minimum Number of Consecutive Years Claims-Free	Credit
3	5%
5	10%
10	15%
20	20%

**M. Schedule Modification**

A modification reflecting the specific individual characteristics of a risk shall be applied to the professional liability premium for Chiropractors. The criteria (shown below) used in evaluating the risk will be applied objectively and uniformly to all risks. All applicable debits and credits from this Section M shall be added together and the sum shall be the total Schedule Modification. The total schedule modification shall be capped at +/-25%.

Criteria	Maximum Credit	Maximum Debit
1. Qualifications and experience of management	-10%	+10%
2. Cooperation with insurer	-10%	+10%
3. Selection and supervision of staff	-10%	+10%
4. Effective risk management program	-10%	+10%
5. Ongoing quality improvement program	-10%	+10%
6. Communication vehicle for patient questions and concerns	-10%	+10%
7. Use of recognized system of clinical guidelines	-10%	+10%
8. Well-maintained patient record system	-10%	+10%
9. Thorough documentation of patient care and interaction	-10%	+10%
10. Established policies and procedures for patient relations	-10%	+10%
11. Rehearsed emergency plan/equipment in place	-10%	+10%
12. High risk or experimental procedures or treatment	0%	+25%
13. Loss experience	-10%	+25%
14. Demographics of Patient Group	-10%	+25%
15. Other risk deviations specific to the account	-15%	+15%

**N. Consent to Settle**

A 10% debit shall be applied to an Insured who elects to retain the sole right to consent to settlement of any claim.

**XIV. LIMITS OF LIABILITY**

The base rate on the state rate page contemplates a limit of \$100/\$300K. Higher limits of liability may be selected by insureds. The associated factors listed below will apply to the \$100,000/\$300,000 rate.

Limits of Liability	Factor
\$100,000 / \$300,000	1.000
\$200,000 / \$600,000	1.159
\$250,000 / \$750,000	1.215
\$500,000 / \$1,500,000	1.500



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\$1,000,000 / \$3,000,000	1.590
\$2,000,000 / \$4,000,000	1.741

**XV. EXTENDED REPORTING PERIOD COVERAGE**

The extension period is unlimited with respect to time. The availability of Extended Reporting Period Coverage shall be governed by the following rules:

1. The limits of liability that apply at the end of the policy period are not renewed or increased for claims first made or brought during the automatic limited reporting period.
2. Extended Reporting Period Coverage will be available to all insureds shown on the Declarations page or in an endorsement or policy schedule on this policy. Should an insured terminate association with an entity, coverage will also be offered for the liability of the entity provided that such entity was also insured by this Company.
3. Should the insured or entity terminate coverage under the policy, they may purchase this coverage by giving the Company written notice, within 60 days, of its intent to purchase, and paying the appropriate premium.
4. Upon termination of coverage under this policy by reason of death or permanent disability, the insured's unearned premium for this coverage will be waived and Extended Reporting Period Coverage will be granted for no additional charge.

There will be no charge for Extended Reporting Period Coverage in the event of permanent retirement from the practice of chiropractic and provided the insured is at least 55 years old and has been continuously insured by the Company for at least three years immediately preceding retirement.

This shall apply to all insureds otherwise qualifying for such coverage.

5. The Prior Acts date of coverage with this Company will determine the years of prior exposure in calculation of Extended Reporting Period Coverage.
6. Premium must be paid promptly when due.
7. In the event the policy is canceled, any return premium due the insured shall be credited toward the premium for Extended Reporting Period Coverage, if the insured elects this coverage. If any premium is due for the period of time between the earlier of the policy's Prior Acts date or effective date and the termination date, any monies received by the Company from the insured shall first be applied to the premium owing for the policy and then to the Extended Reporting Period endorsement.

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8. The factors in the following Table shall be applied to the expiring premium:

<b>Years of Claims-Made Coverage</b>	<b>Factor</b>
1	142%
2	134%
3	123%
4 or more	121%

STATE SPECIFIC PAGES TO FOLLOW. TERRITORIES ARE BY COUNTY NAME.

**GREAT DIVIDE INSURANCE COMPANY  
DOCTOR OF CHIROPRACTIC PROFESSIONAL LIABILITY  
STATE EXCEPTION PAGE  
DISTRICT OF COLUMBIA**

**I. Territorial Definitions – Professional Liability**

Territory I	Entire State
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**II. Rates – Professional Liability**

Mature Claim-made Rate at \$100K/\$300K

<b>Class</b>	<b>Territory I</b>
I	\$646
II	\$711

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Filing Company: Great Divide Insurance Company State Tracking Number:  
Company Tracking Number: ADM-PROGRAM-CHIRO-10001-R  
TOI: 11.2 Med Mal-Claims Made Only Sub-TOI: 11.2003 Chiropractic  
Product Name: Doctor of Chiropractic Professional Liability Program  
Project Name/Number: Doctor of Chiropractic Professional Liability Program/ADM-PROGRAM-CHIRO-10001-R

## Supporting Document Schedules

	Item Status:	Status Date:
<b>Satisfied - Item:</b> Cover Letter All Filings <b>Comments:</b> <b>Attachment:</b> DC Rate Cover letter.pdf		

	Item Status:	Status Date:
<b>Satisfied - Item:</b> Consulting Authorization <b>Comments:</b> <b>Attachment:</b> Authorization Letter.pdf		

	Item Status:	Status Date:
<b>Satisfied - Item:</b> Actuarial Certification (P&C) <b>Comments:</b> <b>Attachment:</b> Chiro Actuarial Memo.pdf		

	Item Status:	Status Date:
<b>Satisfied - Item:</b> District of Columbia and Countrywide Experience for the Last 5 Years (P&C) <b>Comments:</b> <b>Attachment:</b> DC Great Divide Expense Exhibit.pdf		

	Item Status:	Status Date:
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*SERFF Tracking Number:*      *MRTN-126692127*      *State:*      *District of Columbia*  
*Filing Company:*      *Great Divide Insurance Company*      *State Tracking Number:*  
*Company Tracking Number:*      *ADM-PROGRAM-CHIRO-10001-R*  
*TOI:*      *11.2 Med Mal-Claims Made Only*      *Sub-TOI:*      *11.2003 Chiropractic*  
*Product Name:*      *Doctor of Chiropractic Professional Liability Program*  
*Project Name/Number:*      *Doctor of Chiropractic Professional Liability Program/ADM-PROGRAM-CHIRO-10001-R*  
**Satisfied - Item:**      District of Columbia and  
Countrywide Loss Ratio Analysis  
(P&C)

**Comments:**

Please see the DC expense exhibits document attached above.



# Martin & Company

**Publications & Insurance Services**

Post Office Box 70  
Edgemont, PA 19028-0070  
office: 610-325-4455 fax: 610-325-4405  
email: [compliance@filingsdirect.com](mailto:compliance@filingsdirect.com)

November 19, 2010

**SENT VIA SERFF**

DISTRICT OF COLUMBIA DEPARTMENT OF INSURANCE SECURITIES AND BANKING  
ATTN: Gennet Purcell, Commissioner Dept. of Insurance Securities and Banking  
810 1ST ST NE STE 701  
WASHINGTON DC 20002

RE: Medical Malpractice - Doctor of Chiropractic Professional Liability Rate Filing  
Great Divide Insurance Company – NAIC#: 4655-25224 FEIN#: 45-0397186  
Company Filing #: ADM-PROGRAM-CHIRO-10001-R

Dear Ms. Purcell:

Attached for your review is a Filing Authorization Letter authorizing Martin & Company to submit this filing on behalf of Great Divide Insurance Company (hereinafter referred to as the company). Please direct all correspondence regarding this filing to Martin & Company.

In accordance with the regulatory provisions of your state, the company hereby submits its new Chiropractic Professional Liability program. Insureds for this program will be members of the ChiroFutures, Inc. Risk Purchasing Group, domiciled in the State of Georgia and formed under the Risk Retention Act of 1986. The program will be underwritten by Sonoran National Insurance Group whose principal underwrote the CNA National Chiropractor Program for over 7 years.

Included with this filing are the rates and rating manual necessary to underwrite this program. The company believes these rates are not excessive, inadequate, or unfairly discriminatory. Please note that this filing is mutually exclusive to all other Programs filed and approved on behalf of Great Divide Insurance Company. All other filed and approved Programs for Great Divide Insurance Company remain on file without change. The corresponding forms have been submitted under ADM-PROGRAM-CHIRO-10001-F (pending).

The company respectfully requests that the filing be applicable to all policies effective on and after December 20, 2010 or upon approval, whichever is earlier.

Should you have any questions or concerns, please feel free to contact me directly.

Sincerely,

Barbara Blackowicz  
Martin & Company  
Sr. Compliance Analyst  
[BBlackowicz@FilingsDirect.com](mailto:BBlackowicz@FilingsDirect.com)  
(309) 685-8577



Admiral Professional Program Division  
14 Wall Street, Suite 5F, New York, New York 10005  
Main Phone: (212) 406-2462 Fax: (212) 566-2888  
Mobile: (917) 306-4430  
<http://www.admiralins.com> [rbreitweiser@admiralins.com](mailto:rbreitweiser@admiralins.com)

June 15, 2010

Re: Filing Authorization Letter  
**Admiral Insurance Company- NAIC # 4655-24856**  
Rate, Rule, and Form Filings

To Whom It May Concern:

Please accept this filing authorization letter as certification that we hereby authorize Martin & Company to submit rate, rule, and form filings on behalf of Admiral Insurance Company through its affiliated companies, Great Divide Insurance Company (NAIC # 25224) and Nautilus Insurance Company (NAIC # 17370).

With respect to these filings, this authorization includes responding to interrogatories and supplying additional information on our behalf as required. This authorization will remain in force and effect until withdrawn in writing.

All correspondence and inquiries related to filings under this authorization should be directed to the following:

Martin & Company  
ATTN: Compliance Division  
P.O. Box 70  
Edgemont, PA 19028-0070  
Phone: (800) 896-8000  
Fax: (610) 325-4405

Should you have any questions or require additional information regarding this authorization, please feel free to contact me.

Sincerely,

Richard F. Breitweiser, Esq.  
COO  
Admiral Professional Program Division

**Great Divide Insurance Company**  
NAIC #: 4655-25224 FEIN #: 45-0397186  
Medical Malpractice  
Doctor of Chiropractic Professional Liability Program

***ACTUARIAL MEMORANDUM***

This is a new program the company seeks to implement countrywide. The program was developed based on review of CNA's Chiropractic Professional Liability program. Given the significant volume in the CNA book of business, the company has utilized the knowledge gained from that filing for this product.

Insureds for this program will be members of the ChiroFutures, Inc. Risk Purchasing Group, domiciled in the State of Georgia and formed under the Risk Retention Act of 1986. The program will be underwritten by Sonoran National Insurance Group whose principal underwrote the CNA National Chiropractor Program for over 7 years.

The rating elements and policy forms are comprised of what the company believes to be the best components of the competitor's program, as well as their own underwriting, actuarial, and legal judgment. The company has no loss experience to support the proposed rates.

The company believes these rates are not excessive, inadequate, or unfairly discriminatory.



Great Divide Insurance Company  
Medical Malpractice – Claims-Made  
District of Columbia  
Development of Expense Provisions and Permissible Loss Ratio

			Direct Data (in \$000s)					
			Nautilus <u>2007</u>	Nautilus <u>2008</u>	Nautilus <u>2009</u>	Great Divide <u>2009</u>	<u>Total</u>	
A. Written Premium	IEE		2,216	13,783	27,076	803	43,878	
B. Earned Premium	IEE		1,490	9,909	20,768	237	32,404	
C. Commission & Brokerage Fees	IEE		223	1,981	3,942	119	6,265	
D. Other Acquisition Expense	IEE		124	943	824	12	1,903	
E. General Expense	IEE		14	105	1,187	17	1,323	
F. Taxes, Licenses and Fees (CW)	GT Pg. 14		-	2	8	1	11	
							<u>Average</u>	<u>Selected</u>
G. Commission & Brokerage Fees	= C. / A.		10.1%	14.4%	14.6%	14.8%	14.3%	14.3%
H. Other Acquisition Expense	= D. / B.		8.3%	9.5%	4.0%	5.1%	5.9%	5.9%
I. General Expense	= E. / B.		0.9%	1.1%	5.7%	7.2%	4.1%	4.1%
J. Taxes, Licenses and Fees	= F. / A.		0.0%	0.0%	0.0%	0.1%	0.0%	1.7%
K. Expense Provision	= G. + H. + I. + J.							25.9%
L. Pre-Tax Profit Target	Selected							6.8%
M. <u>Investment Income Offset</u>	= -(Exhibit 1, Sheet 2, G.3)							-9.8%
Pre-Tax Underwriting Profit	= L. + M.							-3.0%
N. Provision								
O. Permissible Loss and LAE Ratio	= 1 - K. - N.							77.0%

Note: Medical professional liability was a start-up line in 2009 for Great Divide. Data of Nautilus Insurance Company, an affiliate, is also used in the estimation of expense provisions.

Great Divide Insurance Company  
Medical Malpractice – Claims-Made  
District of Columbia  
Estimated Investment Income

A.	A1. Direct Earned Premium for Calendar Year 2009 - Other Liability	26,401,736	2009 A.S. p 19GT
	A2. Federal Income Tax Rate	35%	IRS's top marginal corporate rate
B.	Unearned Premium Reserve		
	B1. Unearned Premium Reserve Ratio to Earned Premium - Other Liability		
	a @ Year-End 2009	10,481,873	2009 A.S. p 19GT
	b @ Year-End 2008	12,343,997	2008 A.S. p 19GT
	c Mean Unearned Premium Reserve during 2009	11,412,935	$= (a + b)/2$
	B2. Deduction for Prepaid Expenses		
	a Commission and Brokerage	14.3%	Expense Provision
	b Taxes, Licenses and Fees	1.7%	Expense Provision
	c 50% of Other Acquisition Expenses	2.9%	Expense Provision * 50%
	d 50% of General Expenses	2.0%	Expense Provision * 50%
	e Total	21.0%	$= a + b + c + d$
	B3. Unearned Premium Reserve Subject to Investment	9,021,240	$= A1 * B1 * (1-B2.e)$
C.	Delayed Remission of Premiums (Agents' Balances)		
	C1. Direct Written Premium for Calendar Year 2009 - All Lines	99,289,590	2009 A.S. p 19GT
	C2. Net Agents' Balances @ Year-End 2009	17,823,598	2009 A.S. p 2
	C3. Net Agents' Balances @ Year-End 2008	14,678,820	2009 A.S. p 2
	C4. Average Agents' Balances Ratio to Written Premium	0.164	$= [(C2.+C3.)/2]/C1.$
	C5. Deduction for Delayed Remission of Premium	4,321,300	$= C4. * A1.$
D.	Loss and LAE Reserve		
	D1. Expected Loss and LAE Ratio	77.0%	$= Exh 1, Sh 1, O.$
	D2. Expected Incurred Loss & LAE	\$20,338,183	$= D1. * A1.$
	D3. Average Duration of Loss & LAE Reserves	3.601	$= Exh 1, Sh 3, (m)$
	D4. Expected Loss & LAE Reserves	\$73,229,574	$= D2. * D3.$
E.	Reserve Funds Subject to Investment	\$77,929,514	$= B3.- C2. + D4.$
F.	Expected Rate of Return on Invested Assets - After FIT	2.15%	$= Exh 1, Sh 4, (j)$
G.	G1. Investment Earnings on Reserve Funds - After FIT	\$1,679,365	$= E. * F.$
	G2. Investment Earnings on Reserve Funds as a % of Premium - After FIT	6.4%	$= G1. / A1.$
	G3. Investment Earnings on Reserve Funds as a % of Premium - Before FIT	9.8%	$= G2. / (1-A2.)$
H.	Underwriting Profit & Contingencies Provision	-3.0%	$= 1 - D1. - (Sum of Expense Provisions)$
I.	Operating Ratio - After FIT	4.4%	$= (G3.+ H.) * (1-A2.)$

Note: Medical professional liability was a start-up line in 2009 for Great Divide. Other Liability, a more established line, is used to estimate the Unearned Premium Reserve ratio.

Great Divide Insurance Company  
Medical Malpractice – Claims-Made  
District of Columbia  
Average Duration of Loss & LAE Reserves

Using loss payment patterns set forth in Internal Revenue Bulletin 2009-52 for Rev. Proc. 2009-55.

(a) Applicable interest rate 2.74% = Exh 1, Sh 4, (i)

(b)	(c)	(d)	(e)	(f)	(g)
Tax Year	Estimated Cumulative Losses Paid	Estimated Losses Paid Each Year	Unpaid Losses at Year End	Payment Lag	Single Payment Discount Factors
	0.0000%	0.0000%	100.0000%		
2009	4.9425%	4.9425%	95.0575%	0.5	98.6578%
2010	19.9369%	14.9944%	80.0631%	1.5	96.0272%
2011	44.3489%	24.4120%	55.6511%	2.5	93.4668%
2012	64.8374%	20.4885%	35.1626%	3.5	90.9746%
2013	80.2530%	15.4156%	19.7470%	4.5	88.5489%
2014	85.7907%	5.5377%	14.2093%	5.5	86.1879%
2015	91.2722%	5.4815%	8.7278%	6.5	83.8898%
2016	93.3314%	2.0592%	6.6686%	7.5	81.6530%
2017	96.1257%	2.7943%	3.8743%	8.5	79.4758%
2018	97.6538%	1.5281%	2.3462%	9.5	77.3567%
2019	99.1819%	1.5281%	0.8181%	10.5	75.2941%
2020	100.0000%	0.8181%	0.0000%	11.5	73.2865%

(h) Average Reserve:Incurred Ratio (%) 3.723 = Sumproduct of (d) & (f)  
 (i) Estimated Reserve Discount 9.4127% = 1 - Sumproduct of (d) & (g)  
 (j) Federal Income Taxes Payable 3.29% = (i) \* 35%  
 (k) Average Duration of Loss & LAE Reserves 3.601 = (h) \* [1 - (j)]

Notes:

- (b) Tax Year when Discount Factor in (i) is applicable to Accident Year 2009 Reserves.
- (c) Cumulative payment pattern in IRB 2009-52 for Medical Malpractice – Claims-Made; cumulative sum of (d).
- (d) Incremental payment pattern in IRB 2009-52 for Medical Malpractice – Claims-Made, with terminal increment repeated until (c)=100%.
- (e) = 100% - (c)
- (f) Assumes mid-year payment for increment in (d).
- (g) = [1 + (a)]^-(f)

Great Divide Insurance Company  
Medical Malpractice – Claims-Made  
District of Columbia  
Projected After Tax Yield

	(a) Invested Assets	(b) Currently Available Yield	(c) Return on Invested Assets	(d) Federal Income Tax Rate	(e) Federal Income Tax Payable
Bonds - Taxable	61,065,555	3.20%	1,951,209	35.00%	682,923
Bonds - Non-Taxable	43,171,765	3.32%	1,433,392	5.25%	75,253
Bonds	104,237,320	3.25%	3,384,601	22.40%	758,176
Common Stocks (unaffiliated)	-				
Common Stocks Dividends		1.65%	-	14.18%	-
Common Stocks Capital Gains		8.65%	-	34.10%	-
Common Stocks of Affiliates	-	0.00%	-	14.18%	-
Preferred Stocks	-	5.86%	-	35.00%	-
Stocks	-	5.86%	-	35.00%	-
Mortgage Loans. Real Estate, Cash	75,006	0.16%	118	35.00%	41
Other	-	3.24%	-	22.40%	-
Less: Investment Expenses			264,313	35.00%	92,510
Total	104,312,326		3,120,406		665,708
(f) Projected Yield on Invested Assets		2.99%			
(g) Federal Income Tax Rate on Invested Assets				21.33%	
(h1) Loss Reserves	26,312,693				
(h2) Loss Adjustment Expense Reserves	9,857,141				
(h3) Unearned Premium Reserves	8,006,338				
(h4) Surplus as Regards to Policyholders	69,732,034				
(h) Total	113,908,206				
(i) Projected Yield Adjusted to Reserve and Surplus Base		2.74%			
(j) Projected After Tax Yield		2.15%			

Notes:

- (a) From 2009 Annual Statement Schedule D and "Assets" (Page 2).  
(b) Currently available yields by asset class  
(c) = (a) \* (b);  
Investment Expenses from 2009 Annual Statement "Underwriting & Investment Exhibit" (Page 11).  
(d) Per Internal Revenue Service.  
(e) = (c) \* (d)  
(f) = [(c) Total] / [(a) Total]  
(g) = [(e) Total] / [(c) Total]  
(h1)-(h4) From 2009 Annual Statement "Liabilities, Surplus and Other Funds" (Page 3).  
(h) = Sum of (h1) - (h4)  
(i) = (f) \* [(a) Total] / (h)  
(j) = (i) / [1 - (g)]